

Finance and Administration Committee

From: Cheryl Jaques [REDACTED]
Sent: Friday, 1 March 2013 9:05 AM
To: Finance and Administration Committee
Subject: Workers Compensation Scheme Qld - needs urgent change

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Finance and
Administration Committee

I have separately sent an email to the Qld premier regarding the 'failure' of the WC (including self-insured entities) scheme in Qld as far as the employee is concerned. (A similar failure seems to exist for the 3rd party motor vehicle insurance scheme).

Where private enterprise benefits significantly (insurance, legal and medical) from a compulsory government charge, it is essential that the primary reason for the revenue stream is protected and the 'delivery' entities don't end up being the primary beneficiary. Current complications as to which insurance covers medical expenses further damages the intended outcome as often employees end up having to pay their own medical expenses while the insurer determines what benefit will be provided to the employee. This goes on for far too long currently and may lead to additional medical issues and definitely increased mental and financial stress for the injured person.

The focus seems to be too much on the insurer maintaining their profits and managing their reserves, workload and liability, forcing legal process and investigation and ultimately giving much stress and additional costs (legal, less work related income, interest costs if \$ have to be borrowed to pay their expenses and more medical expenses)

The current proposal to reduce red tape is really another example of cost shifting from a public sector entity to the private sector (and no doubt to the individual employee at the end of the day). Will this also mean that executive numbers will reduce and their salaries and related remuneration is also reduced - I doubt it.

The whole industry of WHS has grown rapidly and the administration of the quality review processes, multiple layers of checklists, investigations, reports etc would be enormous for many organisations (particularly the public sector agencies). Allowing the private sector standards entities to virtually set the legislative rules (eg where the legislation/regulations require compliance with international or Australian standards) seems to demonstrate the failure of the public sector regulatory process at the moment. The standards are set by the entities and individuals in the industry, who then often end up benefitting from the then required compliance with the standards referred to in the legislation/regulations. It is starting to look like the public service regulators no longer know how to do their jobs. The constant changes in the regulatory environment is another cost to the community as is the charge imposed by the standard setting agencies to access the copy of their standards. The public service regulatory environment should be free

Solutions may relate to the following:

- 1 get back to reality on reporting, recording and investigating incidents and near misses - I expect the cost of this would probably match the cost of payments to injured employees and it is largely hidden and predominantly an administrative/red tape 'waste'. Financial administrative processes no longer have two/three/four people checking every transaction, yet the WC process seems to have reintroduced this red tape at much higher rates of pay than the financial admin assistants used to get;
- 2 Introduce standard payment processes/tables so that in the majority of cases employees can have their claim settled in a reasonable period - ie months not the years that it seems to be currently.;

- 3 Investigate all cases which involve legal practitioners as this would suggest the compulsory protection for employees has failed. If legal advice is required the WC funds should cover the employees costs as well as their own. This might see a return to sensible and practical process
- 4 Consider a wider regime where insurance/protection rests with the individual, leading to significant reduction in total cost to protect an individual and much less administrative cost/red tape. Currently an individual is 'protected' by multiple layers of insurance (eg workers compensation, 3rd party motor vehicle, superannuation, 3rd party house insurance, own insurances of various types) This way the required/standard payment would be made from the one policy on each individual and legal costs wouldn't be relevant to determine which party was responsible for which share. Of course, this would have a detrimental effect on the income streams for the insurance and legal industry in particular, but possibly the current regulatory regime has artificially inflated these industries.
- 5 Consider a medical establishment which exists to service those needing treatment as a result of workers compensation, motor vehicle etc incidents/accidents. The previous public sector rehabilitation hospitals followed this model and it meant peace of mind for those needing treatment with respect to quality of medical service and who was paying for the medical treatment. Existing payout options often reflect significantly lower amounts than would be necessary to obtain the medical treatment which might/should resolve/improve the injury.
- 6 Closely look at any red tape minimisation suggestions to ensure they don't represent cost shifting to another entity/person and that there is a related reduction in executive numbers and costs.
- 7 Likely significant red tape reductions and unnecessary expense could be to
 - a. allow entities to choose the state in which they register and pay for WC (if it continues in its current form - which hopefully it doesn't). This would ultimately simplify everything including the chosen regulatory environment.
 - b. Be explicit so that the people covered process is simpler. Currently there is an incentive for entities to pay suppliers via accounts payable and an ABN process to reduce the paying entity WC expenses and cover. Determining which entity is responsible for WC is another red tape cost. Liaising with ATO with respect to this would be helpful as there is another layer of related red tape with respect to tax deductions.
 - c. Keep the legislative liability and penalties for causing injury/death to another person in one place and at one table of penalties, not some in the WC arena etc This would be another red tape reduction, although probably not very popular as it would reduce income streams for the legal profession.
 - d. Use the carrot not the stick as the primary focus.

FYI
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